

DEPARTMENT OF STATE REVENUE

Information Bulletin #74
Sales Tax
March 2014
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SUBJECT: Sales and Use Tax Exemptions for Aircraft Being Repaired or Remanufactured

REFERENCES: [IC 6-2.5-3-2](#); [IC 6-2.5-5-39](#); [IC 6-2.5-5-42](#); [IC 6-2.5-5-46](#)

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SUMMARY OF CHANGES

Aside from nonsubstantive, technical changes, this version of the bulletin has been changed to reflect the enactment of HEA 1545-2013, which eliminated the requirement that an aircraft be registered in another country; weigh at least 5,000 pounds; and be equipped with a turboprop or turbojet engine to qualify for the sales tax exemption for the repair, maintenance, or refurbishing of an aircraft found at [IC 6-2.5-5-46](#).

OVERVIEW

Beginning on July 1, 2007, the Indiana General Assembly authorized a sales and use tax exemption on the acquisition of aircraft brought into Indiana to be repaired, refurbished, or remanufactured or for a prepurchase evaluation. Effective January 1, 2009, the exemption was expanded to include aircraft brought into Indiana for completion work.

Effective July 1, 2012, the Indiana General Assembly enacted an exemption from sales and use tax for materials, parts, equipment, and engines used, consumed, or installed in the repair, maintenance, refurbishment, remodeling, or remanufacturing of an aircraft or avionics system for aircraft registered in a country outside the United States and having a minimum landing weight of at least 5,000 pounds or being equipped with a turboprop or turbojet power plant. The exemption applied only if the retail merchant possessed a valid repair station certificate issued by the Federal Aviation Administration. Effective July 1, 2013, the requirement that an aircraft be registered in another country and weigh more than 5,000 pounds to be eligible for the exemption has been eliminated.

EXEMPTION FROM SALES AND USE TAX ON ACQUISITION OF AIRCRAFT

The Indiana Code provides for an exemption from both sales and use tax on the acquisition of aircraft subsequently brought into Indiana for qualified activities, including repairs, refurbishment, remanufacturing, completion work, or for prepurchase evaluations. Unlike the exemption related to materials incorporated into an aircraft (discussed below), these exemptions apply to the acquisition of the aircraft itself.

Exemption from Sales Tax

[IC 6-2.5-5-42](#) provides that a transaction involving an aircraft, including completion work, is exempt from the sales tax if:

1. The purchaser is a nonresident;
2. The purchaser transports the aircraft to a destination outside Indiana within 30 days after:
 - A. Accepting delivery of the aircraft;
 - B. A repair, refurbishment, or remanufacture of the aircraft is completed, if the aircraft remains in Indiana after the purchaser accepts delivery for the purpose of accomplishing the repair, refurbishment, or remanufacture of the aircraft; or
 - C. Accepting delivery of the aircraft following completion work or a prepurchase evaluation.
3. The aircraft will be:
 - A. Titled or registered in another state or country; or
 - B. Based in another state or country, if the state or country does not require a title or registration for aircraft; and
4. The aircraft will not be titled or registered in Indiana.

Exemption from Use Tax

[IC 6-2.5-3-2](#) provides an exemption from the use tax for an aircraft that meets the following requirements:

1. The aircraft is titled, registered, or based in another state or country;
2. The aircraft is delivered to Indiana by or for a nonresident owner or purchaser of the aircraft;
3. The aircraft is delivered to Indiana for the sole purpose of being repaired, being refurbished, being remanufactured, or having completion work performed or is subject to a prepurchase evaluation; and
4. Within 30 days after completion of the repair, refurbishment, remanufacture, or prepurchase evaluation, the aircraft is transported to a destination outside Indiana.

Within 60 days after a purchaser accepts delivery of an aircraft and claims an exemption for an aircraft to be registered outside Indiana, the purchaser shall provide the seller with a copy of the purchaser's title or registration of the aircraft outside Indiana.

Within 60 days after a repair, refurbishment, or completion or remanufacture of the aircraft is completed, and if the aircraft remains in Indiana after the purchaser accepts delivery of the aircraft for the purpose of accomplishing the repair, refurbishment, or completion or remanufacture of the aircraft, the purchaser shall provide the seller with a copy of the purchaser's title or registration of the aircraft outside Indiana.

EXEMPTION FROM SALES AND USE TAX FOR MATERIALS INCORPORATED INTO AN AIRCRAFT

Effective July 1, 2013, [IC 6-2.5-5-46](#) provides a sales tax exemption for parts, materials, equipment, and engines used, consumed, or installed in the repair, maintenance, refurbishing, remodeling, or remanufacturing of an aircraft or avionics system of an aircraft. The exemption applies only if the work is performed by a retail merchant who possesses a valid repair station certificate issued by the Federal Aviation Administration. This exemption is unrelated to where the aircraft is titled, registered, or based. Because this exemption is based exclusively on the work performed by and status of the retail merchant, the retail merchant does not need to obtain an exemption certificate from its customer to recognize an exempt transaction under this statutory provision.

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Commissioner

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